

Part I

Section 199.--Income Attributable To Domestic Production Activities

26 C.F.R. 199-9: Application of section 199 to pass-thru entities for taxable years beginning on or before May 17, 2006, the enactment date of the Tax Increase Prevention and Reconciliation Act of 2005.
(Also § 1.199-3T.)

Rev. Rul. 2007-30

This revenue ruling designates the extraction and processing of minerals (as defined in § 1.611-1(d)(5) of the Income Tax Regulations) as an activity within § 1.199-9(i)(2)(iii) and § 1.199-3T(i)(7)(ii)(C) of the temporary Income Tax Regulations. A partnership engaged solely in an activity or industry designated by the Secretary will be a qualifying in-kind partnership under §§ 1.199-9(i)(2) and 1.199-3T(i)(7)(ii).

Pursuant to §§ 1.199-9(i)(1) and 1.199-3T(i)(7)(i), each partner of a qualifying in-kind partnership is treated as having manufactured, produced, grown, or extracted (MPGE) property MPGE by the partnership that is distributed to that partner.

Sections 1.199-9(i)(2) and 1.199-3T(i)(7)(ii) provide that a qualifying in-kind partnership includes a partnership engaged solely in the extraction, refining, or processing of oil, natural gas, petrochemicals, or products derived from oil, natural gas, or petrochemicals in whole or in significant part within the United States; or the

production or generation of electricity in the United States. Under §§ 1.199-9(i)(2)(iii) and 1.199-3T(i)(7)(ii)(C), a qualifying in-kind partnership may include a partnership engaged solely in an activity or industry designated by the Secretary by publication in the Internal Revenue Bulletin.

By this revenue ruling, the Internal Revenue Service designates the extraction and processing of minerals (as defined in § 1.611-1(d)(5)) as an activity within §§ 1.199-9(i)(2)(iii) and 1.199-3T(i)(7)(ii)(C). Accordingly, a partnership engaged solely in the extraction and processing of minerals within the United States will be a qualifying in-kind partnership under §§ 1.199-9(i)(2) and 1.199-3T(i)(7)(ii).

EFFECTIVE DATE

This revenue ruling is effective for taxable years beginning after December 31, 2004, the effective date of § 199. However, for taxable years beginning before June 1, 2006, a taxpayer may apply this revenue ruling only if the taxpayer applies §§ 1.199-1 through 1.199-8 to that taxable year.

DRAFTING INFORMATION

The principal author of this revenue ruling is David McDonnell of the Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this revenue ruling, contact Mr. McDonnell at (202) 622-3040 (not a toll-free call).